

## STADT MORGEN GmbH & Co. geschlossene Investment KG

LEI: 529900P9BLM38PRS9O55

### SFDR - Article 10

Transparency of the promotion of environmental or social characteristics  
and of sustainable investments on websites

#### **Summary**

STADT MORGEN GmbH & Co. geschlossene Investment KG („STADT MORGEN“ or “Fund” or “AIF”) is classified as an Article 8 product in accordance with Regulation (EU) 2019/2088 on sustainability-related disclosure requirements in the financial services sector (Sustainable Finance Disclosure Regulation, “SFDR”). This financial product promotes environmental characteristics but does not pursue sustainable investments.

The fund has a sustainable focus in relation to its assets and aims to promote renewable energies, utilise sustainably produced green electricity and to consider optimisations with regard to CO2 emissions. Overall, it aims to positively contribute towards climate mitigation.

The main characteristics of the Fund’s Environmental, Social, and Governance („ESG“) strategy comprise the following:

1. Installation of photo-voltaic (PV) systems
2. Sustainable building certifications
3. Use of green electricity in all owner-controlled areas
4. Implementing Green Leases

These characteristics are evaluated yearly using select indicators. The results are communicated to investors as part of the annual financial statement. Depending on the indicator, the data is either collected during due diligence prior to acquisition, supplied annually by qualified external service providers, or collected first-hand by the management company.

The investment objective of the AIF is to construct a property portfolio with stable cash flows. The AIF invests indirectly in real estate (offices, district centres, commercial buildings, retail parks) in high-growth regions of the European Economic Area.

The Fund’s assets are allocated across different categories. The planned allocation is described in the section “investment allocation”.

Each potential real estate investment undergoes an ESG due diligence, which assesses its compliance with the relevant social and environmental characteristics. The Fund also falls under the group-wide requirement of KGAL GmbH & KG to comply with its principles of good governance. The Fund's investment strategy does not include any investment policy on "engagement" or the use of a benchmark (index).

#### **No sustainable investment objective**

This financial product promotes environmental or social characteristics but does not pursue sustainable investments as defined by the SFDR and the EU Taxonomy Regulation.

## **Environmental or social characteristics of the financial product**

To ensure that assets fulfil the Fund's sustainability characteristics it uses the below indicators, which allows the Fund to make a contribution towards the United Nations Sustainable Development Goals („SDGs“). It supports primarily SDGs 7 (Affordable and Clean Energy) and 13 (Climate Action).

### **1. Installation of PV systems (SDG 7, 13):**

- **Phase 1** All properties of the fund (100%) are subject to mandatory checks regarding their suitability for rooftop PV systems. This e.g. comprises (but is not limited to) checking roof suitability, statics, system size, abstract eligibility for approval, orientation, shading, grid access and hours of sunshine. For properties in partial and/or special-terms ownership (German Condominium Act / 'WEG', or equivalent foreign law), checks are only done if the Fund or property company holds a majority of votes, which is potentially needed for a resolution on said checks at a WEG meeting. Following a suitability check, and if a PV system were technically feasible and economically suitable, the AIF's portfolio management decides on installation on a case-by-case basis. It is permitted but not mandatory to consider installing a PV system on a building's façade. Where a property comprises multiple structures (e.g. an office building with an adjoining multi-storey car park), it is sufficient to check the suitability of one structure only.
- **Phase 2:** PV system (incl. grid access) is installed, which can be self-funded or financed through a lease model (e.g. roof lease, plant lease, operational management model or full-service contracting) or in such a way that permits tenants to install and/or operate a PV system themselves.

### **2. Sustainable building certifications (SDG 13):**

Sustainable building certifications (need to be valid as of the effective date) for at least 20% of the Fund's properties (based on the number of properties). Minimum certification levels are BREEAM 'Very Good', DGNB 'Silver', LEED 'Silver' or a comparable/equivalent certificate and level. The building certificates can be designated as new build, core & shell, neighbourhood or in-use. Where a property has more than one certificate, at least one of those must be at one of the aforementioned levels.

### **3. Use of green electricity in all owner-controlled areas (SDG 7, 13):**

In the medium term, there will be a 100% switch to green electricity rates for all owner-controlled areas where such rates are available. Any existing grey electricity contracts or any contracts taken over following an acquisition will be switched to green electricity when they expire.

### **4. Green Leases (SDG 13):**

When concluding or extending leases, the Fund will proactively propose green lease clauses to tenants and promote their inclusion.

All relevant indicators and methodologies are described under "Monitoring of environmental or social characteristics".

## **Investment strategy**

The investment objective of the AIF is to construct a property portfolio with stable cash flows. The AIF invests indirectly in real estate (offices, district centres, commercial buildings, retail parks) in high-growth regions of

the European Economic Area. It aims for a balanced return and risk profile by focusing on the assets' micro-location and quality. Further details on the Fund's investment strategy can be found in its offering memorandum.

75% of the AIF's investments will be subject to the aforementioned characteristics as specifically defined.

The Fund generally excludes any investments that conflict with the AIFM's sustainability strategy. Compliance with the exclusion criteria is mandatory and must be confirmed by the Fund management company.

The AIFM generally excludes direct investments in business activities associated with the manufacture of any kind of weapons, nuclear power plants and gambling. Furthermore, the AIFM does not invest in fossil fuels, including oil and gas. This means no direct or indirect investments in oil and gas production, in infrastructure primarily focused on oil and gas, and in electricity and heat generation from fossil sources. The AIFM also excludes speculation on the price development of basic food commodities.

The exclusion criteria of the AIFM will only apply to STADT MORGEN if the Fund invests in money market funds or if the investment terms are broadened to include securities. There is no screening of and no exclusion criteria for tenants. Investments in plants or buildings that use fossil fuels for operating purposes (e.g., for electricity supply and heating) are permitted.

As the Fund focuses on real estate, investments are generally made via special purpose companies ("SPCs"), which tend to have a highly specific and limited business purpose rather than pursuing broad business activities. They therefore generally do not employ staff. As per its investment policy, the Fund does not intend to invest in listed equity. Therefore, the term "investment company" as defined by the SFDR and in the context of the STADT MORGEN refers to such SPCs.

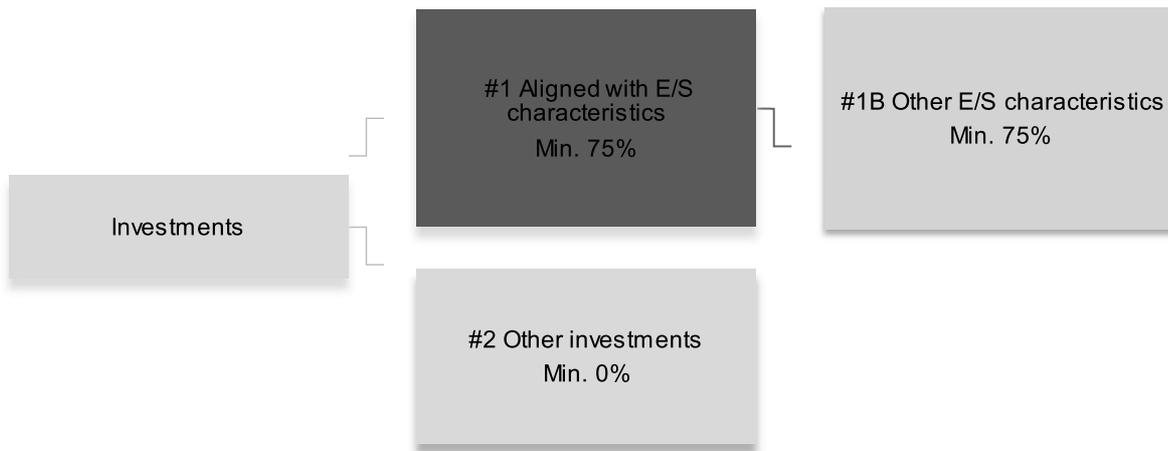
### **Investment allocation**

The terms of the STADT MORGEN permit investments in the following asset types:

- Indirect investments in properties, via investment companies/property companies. These are financed through equity and shareholder loans
- Bank deposits and money market instruments

The Fund will allocate a minimum of 75% of its portfolio to assets fulfilling environmental or social characteristics.

During the Fund's investment and divestment phases it is permissible to exceed the 25% threshold of the category „#2 Other investments“. In particular, capital calls during acquisitions as well as sales proceeds may result in the 25% threshold being exceeded temporarily.



Category #1 ("Aligned with environmental or social characteristics") relates to properties and includes all assets directly or indirectly held by the Fund as part of the investment strategy.

All percentages in the above table refer to the Fund's balance sheet total.

To calculate the above percentages in relation to the environmental or social characteristics of the Fund, the balance sheet total of the fund minus cash and liquidity is set in relation to the balance sheet total. The investments mentioned under #2 refer to any cash and liquidity held by the Fund.

$$\frac{\text{Fund's balance sheet total minus cash and liquidity}}{\text{Fund's balance sheet total}}$$

### **Monitoring of environmental or social characteristics**

The characteristics described under „Environmental or social characteristics of the financial product“ are monitored using the below indicators. They are evaluated yearly as part of the financial year-end (the effective date) and are reported as part of the annual financial statement.

#### **1. Installation of PV systems:**

- Phase 1: Share of of properties with proof of a completed suitability check in % [number of properties with proof of suitability check / number of Fund properties]

Proof will be provided that suitability checks for the installation of rooftop PV systems have been carried out at a Fund's given property. This may be in the form of e.g. an expert opinion, official approval or a comparable or equivalent proof of a completed check. For any already held properties, checks are to be completed by 30 September 2026. In the case of newly acquired properties without a PV system, the suitability check is to be carried out within three (3) years of the transfer of ownership (transfer of possession, benefits, encumbrances).

Any newly acquired properties that have a pre-existing PV system will be deemed to be compliant with this characteristic. Proof thereof may e.g. be in the form of documenting this as part of the tech-

nical due diligence or as part of a commissioning protocol or be based on relevant contracts. No new checks will be required in such an instance.

- Phase 2:

Share of PV systems in operation in % [number of PV systems in operation / number of PV systems pending installation]

Proof of any pending installations will be the corresponding written resolutions of the Fund's portfolio management. Proof of any already operating installations will be the relevant commissioning protocol. In the case of newly acquired properties with pre-existing PV systems the technical Due Diligence (DD) report or any relevant contracts may alternatively serve as proof.

## **2. Sustainable building certifications:**

Share of properties with at least one certificate in % [number of properties with a certificate / number of Fund properties]

Any relevant sustainability certificates (at minimum, BREEAM 'Very Good', DGNB 'Silver', LEED 'Silver'; or a comparable/equivalent certificate and level) will serve as proof. Any certificates with limited validity need to still be valid as of the effective date.

## **3. Use of green electricity in all owner-controlled areas:**

Share of properties with green energy rates for their owner-controlled areas in % [number of properties with green energy rate for their owner-controlled areas / number of Fund properties where green energy rates are available]

Any power supply agreements covering green electricity rates for owner-controlled areas or any relevant certificates will serve as proof. Proof of non-availability of such rates will be in the form of a written confirmation of the relevant supplier, a list of available rates coming from a comparison website or any other comparable or equivalent documentation.

## **4. Green Leases:**

Number of new leases or extended leases containing green clauses signed within the twelve (12) months preceding the effective date.

A yearly confirmation from the Asset Management team („KGAL AM“) to the Portfolio Management team („KGAL PFM“) regarding the number of new or extended leases containing green clauses will serve as proof.

## **Methodologies**

Indicators are assessed yearly and are disclosed as part of the yearly report (annex 4). The relevant metrics and methodologies are described under "Monitoring of environmental or social characteristics".

### **Data sources and processing**

Depending on the indicator, data is either collected first-hand during the due diligence process, provided by external experts, or sourced by the management company (KGAL).

### **Limitations of methodologies and data**

As there is a due diligence process in place and also considering that data is both collected by the management company (KGAL) and provided by external experts a high level of data reliability and quality is to be expected. Should any concerns emerge during data collection or validation, corrective action will be taken in due course.

### **Due diligence**

As part of any potential property acquisitions and property management, and particularly of the ESG due diligence, the management company (KGAL) assesses compliance with the Fund's environmental characteristics and good governance principles described under "Monitoring of environmental and social characteristics". More specifically, the described measures and objectives are weighed up against the financial product's other objectives. KGAL Investment Management monitors the investments' compliance with relevant guidelines during the acquisition as well as the operating phases. In addition the Fund undergoes an external annual audit.

### **Engagement policy**

The Fund's investment strategy focuses on real estate for the purpose of rentals. Investments are generally made via special purpose companies, which tend to have a highly specific and limited business purpose rather than pursuing broad business activities. They generally do not employ staff either. Any form of investee engagement is not applicable in this context.

### **Designated reference benchmark**

The Fund does not use a reference benchmark as part of its investment strategy.

**Version history**

<b>Date of last modification</b>	<b>Change description</b>
19 <sup>th</sup> February 2026	Annual review, no changes
25 <sup>th</sup> February 2025	Release of first version (V.1)